

CITY OF DERIDDER
ANNUAL FINANCIAL STATEMENTS
WITH AUDITOR'S REPORT

SEPTEMBER 30, 2009

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date

4/21/10

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INDEPENDENT AUDITOR'S REPORT

The Honorable Ronald Roberts, Mayor
and Members of the City Council
DeRidder, Louisiana

I have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Deridder, Louisiana, as of and for the year ended September 30, 2009, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of DeRidder, Louisiana's management. My responsibility is to express opinions on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinions.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of DeRidder, Louisiana, as of September 30, 2009, and the respective changes in financial position and cash flows, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued my report dated February 10, 2010 on my consideration of the City of DeRidder, Louisiana's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of my audit.

Accounting principles generally accepted in the United States of America require that the budgetary comparison information and other postemployment benefits (OPEB) funding schedule on pages 35 through 38 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any

The Honorable Ronald Roberts, Mayor
and Members of the City Council

assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

The City of DeRidder, Louisiana, has not presented management's discussion and analysis that accounting principles generally accepted in the United States has determined is necessary to supplement, although not required to be part of, the basic financial statements.

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of DeRidder, Louisiana's financial statements as a whole. The combining and individual nonmajor fund financial statements and schedule of per diem paid to board members is presented for purposes of additional analysis and is not a required part of the financial statements. The combining and individual nonmajor fund financial statements and schedule of per diem paid to board members is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.



DeRidder, Louisiana
February 10, 2010

BASIC FINANCIAL STATEMENTS

Statement of Net Assets
September 30, 2009

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 5,072,374	\$ 329,685	\$ 5,402,059
Receivables:			
Franchise taxes	118,550	-	118,550
Alcohol taxes	6,377	-	6,377
Sales taxes	471,927	-	471,927
Accounts	705	269,143	269,848
Federal grants	21,096	94,332	115,428
Local grants	52	-	52
Prepaid insurance	90,122	29,475	119,597
Restricted cash and cash equivalents	-	2,136,119	2,136,119
Capital assets, not being depreciated	1,170,417	137,982	1,308,399
Capital assets, being depreciated - net	4,880,715	16,085,674	20,966,389
Total assets	<u>\$ 11,832,335</u>	<u>\$ 19,082,410</u>	<u>\$ 30,914,745</u>
LIABILITIES			
Accounts payable	\$ 244,617	\$ 43,147	\$ 287,764
Salaries payable	104,446	31,992	136,438
Payroll taxes payable	122,171	28,884	151,055
Contracts payable	-	29,300	29,300
Accrued interest payable	2,145	755	2,900
Customer deposits	-	144,702	144,702
Long term liabilities:			
Due within one year	96,000	18,236	114,236
Due in more than one year	1,433,635	300,551	1,734,186
Total liabilities	<u>\$ 2,003,014</u>	<u>\$ 597,567</u>	<u>\$ 2,600,581</u>
NET ASSETS			
Invested in capital assets - net of related debt	\$ 5,701,132	\$ 16,223,656	\$ 21,924,788
Restricted for:			
Contracts payable	-	4,790	4,790
Perpetual care	1,135,399	-	1,135,399
Debt service	365,238	18,236	383,474
Depreciation and contingencies	-	1,893,842	1,893,842
Customer deposits	-	63,485	63,485
Unrestricted	2,627,552	280,834	2,908,386
Total net assets	<u>\$ 9,829,321</u>	<u>\$ 18,484,843</u>	<u>\$ 28,314,164</u>
Total liabilities and net assets	<u>\$ 11,832,335</u>	<u>\$ 19,082,410</u>	<u>\$ 30,914,745</u>

The accompanying notes are an integral part of this statement.

City of DeRidder, Louisiana

Statement B

Statement of Activities
For the Year Ended September 30, 2009

Program Activities	Program Revenues			Net (Expenses) Revenues and Changes in Net Assets			
	Expenses	Fees, Fines and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
General government and administration	\$ 1,793,809	\$ 223,930	\$ 17,838	\$ 42,378	\$ (1,509,663)	\$ -	\$ (1,509,663)
Public safety	3,753,509	18,418	62,232	105,617	(3,567,242)	-	(3,567,242)
Public works	2,016,444	17,380	45,255	-	(1,953,809)	-	(1,953,809)
Culture & recreation	194,468	-	-	-	(194,468)	-	(194,468)
Interest on long term debt	16,242	-	-	-	(16,242)	-	(16,242)
Unallocated depreciation*	37,788	-	-	-	(37,788)	-	(37,788)
Total governmental activities	\$ 7,812,260	\$ 259,728	\$ 125,325	\$ 147,995	\$ (7,279,212)	\$ -	\$ (7,279,212)
Business-type activities:							
Water and sewer	\$ 2,880,727	\$ 2,282,441	\$ -	\$ 94,332	\$ -	\$ (503,954)	\$ (503,954)
Total government	\$ 10,692,987	\$ 2,542,169	\$ 125,325	\$ 242,327	\$ (7,279,212)	\$ (303,954)	\$ (7,783,166)

General revenues:

Taxes:							
Ad valorem taxes	\$	\$ 620,961	\$	\$	\$ -	\$ -	\$ 620,961
Sewer assessments		-				2,992	2,992
Sales taxes		6,352,670				-	6,352,670
Insurance premium tax		36,538				-	36,538
Chain store tax		3,840				-	3,840
Franchise tax		599,767				-	599,767
Alcohol tax		24,319				-	24,319
Occupational licenses and permits		488,545				-	488,545
Insurance dividend		7,330				-	7,330
Investment earnings		25,629				23,757	49,386
Gain (Loss) on sale of assets		(72,436)				4,048	(68,388)
Rental income		26,400				-	26,400
Miscellaneous		299				-	299
Transfers in		3,498,571				1,071	3,499,642
Transfers out		(3,427,488)				(72,154)	(3,499,642)
Total general revenues and transfers		\$ 8,184,945				\$ (40,286)	\$ 8,144,659
Change in net assets		905,733				(544,240)	361,493
Net assets at beginning of year		\$ 8,923,588				19,029,083	\$ 27,952,671
Net assets at end of year		\$ 9,829,321				\$ 18,484,843	\$ 28,314,164

* Unallocated depreciation excludes direct depreciation expenses of the City's various programs

The accompanying notes are an integral part of the statement.

Balance Sheet
Governmental Funds
September 30, 2009

	General	Major Funds			Total Governmental Funds
		Special Revenue Fund	Capital Projects Fund	Other Governmental Funds	
ASSETS					
Cash and cash equivalents	\$ 1,444,226	\$ 1,993,204	\$ 1,431,833	\$ 15,238	\$ 4,884,501
Receivables:					
Franchise taxes	118,550	-	-	-	118,550
Alcohol taxes	6,377	-	-	-	6,377
Sales taxes	-	471,927	-	-	471,927
Accounts receivable	705	-	-	-	705
Intergovernmental:					
Federal grants	21,096	-	-	-	21,096
Local grants	52	-	-	-	52
Prepaid insurance	77,839	12,283	-	-	90,122
Total assets	\$ 1,668,845	\$ 2,477,414	\$ 1,431,833	\$ 15,238	\$ 5,593,330
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 124,484	\$ 110,823	\$ 9,310	\$ -	\$ 244,617
Salaries payable	82,364	22,082	-	-	104,446
Payroll taxes payable	96,972	25,199	-	-	122,171
Total liabilities	\$ 303,820	\$ 158,104	\$ 9,310	\$ -	\$ 471,234
Fund Balances:					
Reserved for:					
Debt service	\$ -	\$ -	\$ -	\$ 15,238	\$ 15,238
Perpetual care	1,135,399	-	-	-	1,135,399
Unreserved:					
Designated for subsequent years' expenditures reported in:					
Sales tax fund	-	200,000	-	-	200,000
Undesignated, reported in:					
General fund	229,626	-	-	-	229,626
Special revenue fund	-	2,119,310	-	-	2,119,310
Capital project funds	-	-	1,422,523	-	1,422,523
Total fund balances	\$ 1,365,025	\$ 2,319,310	\$ 1,422,523	\$ 15,238	\$ 5,122,096
Total liabilities and fund balances	\$ 1,668,845	\$ 2,477,414	\$ 1,431,833	\$ 15,238	\$ 5,593,330

The accompanying notes are an integral part of this statement.

Reconciliation of the Governmental Funds Balance Sheet
to Statement of Net Assets
September 30, 2009

Total fund balance - total governmental funds	\$	5,122,096
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds balance sheets.		5,523,709
Internal service funds are used to charge the costs of certain activities, such as insurance, to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.		187,873
Interest payable on long-term debt does not require current financial resources. Therefore interest payable is not reported as a liability in governmental funds balance sheet.		(2,145)
Capital assets reported in the proprietary fund but financed with general obligation debt have been transferred to governmental activities in the government wide statement of net assets in order to show those assets net of related debt in the net assets section of the government wide statement of net assets.		527,423
Long-term liabilities including bonds payable are not due and payable in the current period and, therefore, are not reported in the governmental funds.		
Due within one year	\$	(96,000)
Due in more than one year		(805,878)
		<u>(901,878)</u>
Other postemployment benefits (OPEB) obligations are reported as long-term liabilities in the government wide financial statements but are not reported in the governmental fund financial statements.		<u>(627,757)</u>
Net assets of governmental activities	\$	<u>9,829,321</u>

The accompanying notes are an integral part of this statement.

Statement of Revenues, Expenditures and Changes in Fund Balances
 Governmental Funds
 For the Year Ended September 30, 2009

	General Fund	Major Funds			Other Governmental Funds	Total Governmental Funds
		Special Revenue Fund	Capital Projects Fund	Fund		
Revenues						
Taxes:						
Ad valorem	\$ 620,961	\$ -	\$ -	\$ -	\$ -	\$ 620,961
Sales tax	-	6,352,670	-	-	-	6,352,670
Insurance premium tax	36,538	-	-	-	-	36,538
Chain store tax	3,840	-	-	-	-	3,840
Franchise tax	599,767	-	-	-	-	599,767
Alcohol tax	24,319	-	-	-	-	24,319
Intergovernmental:						
Federal grants	145,871	45,255	-	-	-	191,126
State grants	44,878	-	-	-	-	44,878
Local grants	37,316	-	-	-	-	37,316
Occupational licenses and permits	488,545	-	-	-	-	488,545
Fees and charges for services	113,866	14,580	-	-	-	128,446
Cemetery sales	63,060	-	-	-	-	63,060
Investment income	7,156	12,010	5,571	178	-	24,915
Rental income	26,400	-	-	-	-	26,400
Worker's compensation dividend	3,665	3,665	-	-	-	7,330
Other revenues	-	299	-	-	-	299
Total revenues	\$ 2,216,182	\$ 6,428,479	\$ 5,571	\$ 178	\$ -	\$ 8,650,410

(Continued)

The accompanying notes are an integral part of this statement.

Statement of Revenues, Expenditures and Changes in Fund Balances
 Governmental Funds
 For the Year Ended September 30, 2009

	General Fund	Major Funds			Other Governmental Funds	Total Governmental Funds
		Special Revenue Fund	Capital Projects Fund			
Expenditures						
Current operating:						
General government	\$ 620,569	\$ 469,785	\$ -	\$ -	\$ -	\$ 1,090,354
Public safety	3,550,875	-	-	-	-	3,550,875
Public works	-	1,947,406	-	-	-	1,947,406
Culture & recreation	142,745	-	-	-	-	142,745
Debt service:						
Principal	45,000	-	-	49,000	49,000	94,000
Interest and charges	11,237	-	-	5,564	5,564	16,801
Capital outlay	419,755	75,240	103,930	3,102	3,102	602,027
Total expenditures	\$ 4,790,181	\$ 2,492,431	\$ 103,930	\$ 57,666	\$ 57,666	\$ 7,444,208
Excess (deficiency) of revenues over expenditures	\$ (2,573,999)	\$ 3,936,048	\$ (98,359)	\$ (57,488)	\$ (57,488)	\$ 1,206,202
Other financing sources (uses)						
Transfer in	\$ 2,905,516	\$ 15,292	\$ 500,000	\$ 50,400	\$ 50,400	\$ 3,471,208
Transfer out	(61,500)	(3,301,989)	(1,426)	-	-	(3,364,915)
Gain on sale of assets	7,853	1,596	-	-	-	9,449
Total other financing sources (uses)	\$ 2,851,869	\$ (3,285,101)	\$ 498,574	\$ 50,400	\$ 50,400	\$ 115,742
Net change in fund balance	\$ 277,870	\$ 650,947	\$ 400,215	\$ (7,088)	\$ (7,088)	\$ 1,321,944
Fund balances at beginning of year	1,087,155	1,668,363	1,022,308	22,326	22,326	3,800,152
Fund balances at end of year	\$ 1,365,025	\$ 2,319,310	\$ 1,422,523	\$ 15,238	\$ 15,238	\$ 5,122,096

(Concluded)

The accompanying notes are an integral part of this statement.

Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balance of Governmental Funds to the
Statement of Activities

For the Year Ended September 30, 2009

Net change in fund balances - total governmental funds		\$ 1,321,944
Amounts reported for governmental activities in the statement of activities are different because:		
Compensated absences reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.		23,217
Governmental funds only report the disposal of fixed assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal.		(36,602)
The net effect of various transactions involving capital assets (contributions, trades, etc.) is to increase net assets.		(81,886)
Governmental funds report capital outlays as expenditures. However, in the government-wide statement of activities and changes in net assets, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of capital assets recorded in the current period.		
General fund	\$ 419,755	
Special revenue fund	75,240	
Capital projects fund	103,930	
Other governmental funds	<u>3,102</u>	
		602,027
Depreciation expense on capital assets is reported in the government-wide statement of activities and changes in net assets, but they do not require the use of current financial resources. Therefore, depreciation expense is not reported as an expenditure in governmental funds.		(411,070)
Accrued interest on long term debt is not shown in the governmental funds.		559
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. This is the amount of bond repayments.		94,000
Governmental funds do not report net change in other postemployment benefits (OPEB) obligations. However this obligation does appear in the Statement of Activities since the payable is reported on the Statement of Net Assets		(627,757)
Internal service funds are used by management to charge the costs of certain activities to individual funds.		
The net income of the internal service funds is reported with governmental activities		<u>21,301</u>
Change in net assets of governmental activities		<u>\$ 905,733</u>

The accompanying notes are an integral part of this statement.

Statement of Net Assets
Proprietary Fund
September 30, 2009

	<u>Business-Type Activities Enterprise Fund Water and Sewer</u>	<u>Governmental Activities Internal Service Funds</u>
Assets		
Current Assets		
Cash and cash equivalents	\$ 329,685	\$ 187,873
Receivables:		
Accounts	269,143	-
Grants	94,332	-
Prepaid insurance	29,475	-
Total current assets	<u>\$ 722,635</u>	<u>\$ 187,873</u>
Noncurrent Assets		
Restricted cash and cash equivalents	\$ 2,136,119	\$ -
Capital assets not being depreciated	137,982	-
Capital assets being depreciated - net	16,613,097	-
Total noncurrent assets	<u>\$ 18,887,198</u>	<u>\$ -</u>
 Total assets	 <u>\$ 19,609,833</u>	 <u>\$ 187,873</u>
Liabilities		
Current Liabilities		
Accounts payable	\$ 43,147	\$ -
Payroll taxes payable	28,884	-
Salaries payable	31,992	-
Accrued interest payable	755	-
Current portion of certificates payable	18,236	-
Total current liabilities	<u>\$ 123,014</u>	<u>\$ -</u>
Liabilities payable from restricted assets		
Contracts payable	\$ 29,300	\$ -
Customer deposits	144,702	-
Total liabilities payable from restricted assets	<u>\$ 174,002</u>	<u>\$ -</u>
Noncurrent Liabilities		
Compensated absences	\$ 201,765	-
Other postemployment benefits	98,786	-
Total noncurrent liabilities	<u>\$ 300,551</u>	<u>\$ -</u>
 Total liabilities	 <u>\$ 597,567</u>	 <u>\$ -</u>

(Continued)

The accompanying notes are an integral part of this statement.

Statement of Net Assets
 Proprietary Fund
 September 30, 2009

	Business-Type Activities <u>Enterprise Fund</u> Water and Sewer	<u>Governmental Activities</u> Internal Service Funds
Net Assets		
Invested in capital assets	\$ 16,751,079	\$ -
Restricted for:		
Contracts payable	4,790	-
Depreciation and contingencies	1,893,842	-
Customer deposits	63,485	-
Debt service	18,236	-
Unrestricted	<u>280,834</u>	<u>187,873</u>
Total net assets	<u>\$ 19,012,266</u>	<u>\$ 187,873</u>
Total liabilities and net assets	<u>\$ 19,609,833</u>	<u>\$ 187,873</u>

(Concluded)

The accompanying notes are an integral part of this statement.

Reconciliation of the Proprietary Funds Statement of Net Assets
to the Statement of Net Assets
For the Year Ended September 30, 2009

Amounts reported for business-type activities in the
statement of net assets are different because:

Total net assets for proprietary fund statement of net assets	\$ 19,012,266
Capital assets reported in the proprietary fund but financed with general obligation debt have been transferred to governmental activities in the government wide statement of net assets in order to show those assets net of related debt in the net asset section of the government wide statement of net assets	<u>(527,423)</u>
Net assets of business type activities	<u>\$ 18,484,843</u>

The accompanying notes are an integral part of this statement.

Statement of Revenues, Expenses and Changes in Net Assets
Proprietary Fund
For the Year Ended September 30, 2009

	Business-Type Activities Enterprise Fund	Governmental Activities Internal Service Funds
	Water and Sewer	
Operating revenues		
Charges for services	\$ 2,282,441	\$ -
Rebates and reimbursements	-	68,222
Total operating revenues	<u>\$ 2,282,441</u>	<u>\$ 68,222</u>
Operating expenses		
Personal services	\$ 1,258,556	\$ -
Supplies	262,381	-
Contractual services	523,752	-
Depreciation	849,842	-
Claims	-	12,426
Total operating expenses	<u>\$ 2,894,531</u>	<u>\$ 12,426</u>
Income (loss) from operations	<u>\$ (612,090)</u>	<u>\$ 55,796</u>
Nonoperating revenues (expenses)		
Sewer assessments	\$ 2,992	\$ -
Interest income	23,757	715
Interest expense	(1,158)	-
Sale of assets	4,048	-
Federal grant revenue	94,332	-
Total nonoperating revenues (expenses)	<u>\$ 123,971</u>	<u>\$ 715</u>
Income (loss) before transfers	\$ (488,119)	\$ 56,511
Transfers in	1,071	27,363
Transfers out	<u>(72,154)</u>	<u>(62,573)</u>
Change in net assets	\$ (559,202)	\$ 21,301
Net assets at beginning of year	<u>19,571,468</u>	<u>166,572</u>
Net assets at end of year	<u>\$ 19,012,266</u>	<u>\$ 187,873</u>

The accompanying notes are an integral part of this statement.

Reconciliation of the Statement of Revenues,
Expenses, and Changes in Net Assets
of Proprietary Funds to the Statement of Activities

For the Year Ended September 30, 2009

Net change in net assets - total proprietary funds	\$ (559,202)
Depreciation on capital assets reported in the proprietary fund but financed with general obligation debt has been transferred to governmental activities in the government wide statement of activities.	<u>14,962</u>
Change in net assets of proprietary activities	<u>\$ (544,240)</u>

The accompanying notes are an integral part of this statement.

Statement of Cash Flows
Proprietary Fund
For the Year Ended September 30, 2008

	Business-Type Activities Enterprise Fund	Governmental Activities Internal Service Fund
	<u>Water and Sewer</u>	<u>Fund</u>
Cash flows from operating activities:		
Cash received from customers	\$ 2,223,219	\$ 68,222
Cash payments to suppliers for goods and services	(873,072)	(13,162)
Cash payments for employee services and employee related fringe benefits	<u>(1,141,883)</u>	<u>-</u>
Net cash provided by operating activities	<u>\$ 208,264</u>	<u>\$ 55,060</u>
Cash flows from noncapital financing activities:		
Transfers from other funds	\$ 1,071	\$ 27,363
Transfers out to other funds	<u>(72,154)</u>	<u>(62,573)</u>
Net cash used for noncapital financing activities	<u>\$ (71,083)</u>	<u>\$ (35,210)</u>
Cash flows from capital and related financing activities:		
Acquisition and construction of capital assets	\$ (352,781)	\$ -
Sewer assessments	2,992	-
Interest paid on debt	(1,915)	-
Principal paid on certificates	(18,236)	-
Gain on sale of assets	<u>4,048</u>	<u>-</u>
Net cash used for capital and related financing activities	<u>\$ (365,892)</u>	<u>\$ -</u>

(Continued)

The accompanying notes are an integral part of this statement.

Statement of Cash Flows
Proprietary Fund
For the Year Ended September 30, 2008

	Business-Type Activities Enterprise Fund	Governmental Activities Internal Service Fund
	<u>Water and Sewer</u>	<u>Fund</u>
Cash flows from investing activities:		
Interest on cash management activities:	\$ 23,757	\$ 715
Net increase (decrease) in cash and cash equivalents	\$ (204,954)	\$ 20,565
Cash and cash equivalents, beginning of year	<u>2,670,758</u>	<u>167,308</u>
Cash and cash equivalents, end of year	<u>\$ 2,465,804</u>	<u>\$ 187,873</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating income (loss)	<u>\$ (612,090)</u>	<u>\$ 55,796</u>
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:		
Depreciation	\$ 849,842	\$ -
Increase in accounts receivable	(64,090)	-
Decrease in accounts payable	(84,368)	(736)
Increase in salaries payable	3,164	-
Increase in employee benefits payable	3,445	-
Increase in contracts payable	1,200	-
Increase in customer deposits	4,868	-
Increase in compensated absences	11,278	-
Increase in prepaid insurance	(3,771)	-
Increase in other postemployment benefits	98,786	-
Total adjustments	<u>\$ 820,354</u>	<u>\$ (736)</u>
Net cash provided (used) by operating activities:	<u>\$ 208,264</u>	<u>\$ 55,060</u> (Concluded)

The accompanying notes are an integral part of this statement.

City of DeRidder, Louisiana

Notes to the Financial Statements
As of and for the Year Ended September 30, 2009

INTRODUCTION

The City of DeRidder was incorporated under the provisions of the Lawrason Act. The City operates under a Mayor-City Council form of government under a home rule charter.

The accounting and reporting policies of the City of DeRidder conform to generally accepted accounting principles as applicable to governments. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statutes 24:517 and to the guides set forth in the Louisiana Municipal Audit and Accounting Guide, and to the industry audit guide, Audits of State and Local Governmental Units.

The City is located within Beauregard Parish in the southwestern part of the State of Louisiana and is comprised of approximately 9,700 residents. The governing board is composed of seven elected council members that are compensated for regular and special board meetings. There are approximately ninety-six employees who provide various services to the residents. The City maintains approximately 74 miles of roadways within the city limits.

The City maintains various funds that provide services and benefits to the residents. The general fund provides police and fire protection, and culture and recreational activities. The sales tax fund provides public works of highway and street maintenance and solid waste collection and disposal. The utility fund provides water and sewer services to approximately 4,100 residents. Other funds are established as needed for specific projects undertaken by the City.

GASB Statement No. 14, *The Reporting Entity*, established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of this Statement, the municipality is considered a primary government, since it is a special purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state or local governments. As used in GASB Statement No. 14, fiscally independent means that the municipality may, without the approval or consent of another governmental entity, determine or modify its own budget, levy its own taxes or set rates or charges, and issue bonded debt.

Blended Components Units

Component units that are legally separate from the municipality, but are so intertwined with the municipality that they are, in substance, the same as the municipalities are blended component units. For a component unit to be blended, the organization's board and the municipality must be substantially the same, or the organization must provide services entirely to the municipality and blended with the appropriate municipality funds:

The City of DeRidder had no blended component units as of September 30, 2009.

Discretely Presented Component Units

Component units that are legally separate from the municipality, but are financially accountable to the municipality, or whose relationship with the municipality are such that exclusion would cause the municipality's financial statements to be misleading or incomplete are discretely presented.

The City of DeRidder had no discretely presented component units as of September 30, 2009.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the funds financial statements.

B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessment receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The municipality reports the following major governmental funds:

The General Fund is the municipality's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Special Revenue Fund

The Sales Tax Fund accounts for sales tax revenues that are legally restricted to expenditures for specific purposes.

Capital Projects Fund

The Capital Projects Fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds.)

Notes to the Financial Statements (Continued)

The municipality reports the following major proprietary fund:

The Proprietary Fund accounts for operations (a) where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges, or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Additionally, the government reports the following fund types:

Internal service funds account for services provided to other departments and agencies of the municipality, or to other governments, on a cost reimbursement basis.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the governments enterprise operations. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Charges for services of providing water and sewer services to residents comprise the operating revenue of the City's enterprise fund. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expense, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the municipality's policy to use restricted resources first, and then unrestricted resources as they are needed.

C. Deposits and Investments

The municipality's cash and cash equivalents are considered to be cash on hand, demand deposits, time deposits and short-term investments with original maturities of three months or less from the date of acquisition. State law and the municipality's investment policy allow the municipality to invest in collateralized certificates of deposits, government backed securities, commercial paper, the state sponsored investment pool, and mutual funds consisting solely of government backed securities.

Investments for the municipality, as well as for its component units, are reported at fair value. The state investment pool (LAMP) operates in accordance with state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

D. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the

City of DeRidder, Louisiana

Notes to the Financial Statements (Continued)

governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

The City levies taxes on real and business personal property located within the boundaries of the City. Property taxes are levied by the City on property values assessed by the Beauregard Parish Tax Assessor and approved by the State of Louisiana Tax Commission.

The Beauregard Parish Sheriff and Ex-Officio Tax Collector bills and collects property taxes for the City. Collections are remitted to the City monthly. The City recognizes property tax revenues when levied.

Property Tax Calendar

Assessment date	January 01, 2008
Levy date	June 30, 2008
Tax bills mailed	October 15, 2008
Total taxes are due	December 31, 2008
Penalties & interest due	January 31, 2009
Lien date	January 31, 2009
Tax sale	May 31, 2009

For the year ended September 30, 2009, taxes of 10.02 mills were levied on property with an assessed valuation totaling \$59,999,627, and were dedicated as follows:

	<u>Authorized Millage</u>	<u>Levied Millage</u>	<u>Expiration Date</u>
Taxes due for:			Renewed
General corporate tax	7.42	7.42	Annually
Police/Fire capital improvements	2.60	2.60	9/30/2015

All trade and property tax receivables are shown net of an allowance for uncollectibles. Property taxes are collected and remitted by the local sheriff, if taxes are not paid, a sheriff's sale is held and the property is sold to satisfy the taxes due on the property. Due to this, the majority, if not all property taxes are collected, therefore no allowance account for uncollectibles has been established. Water and sewer charges have customer deposits that have been collected in advance therefore the majority of all water and sewer billing is collected or taken out of the customer's deposit, any allowance account would be immaterial, therefore one has not been established.

The following are the principal taxpayers and related property tax revenue for the municipality:

<u>Taxpayer</u>	<u>Type of Business</u>	<u>Assessed Valuation</u>	<u>% of Total Assessed Valuation</u>	<u>Ad Valorem Tax Revenue for Municipality</u>
Meadwestvaco	Manufacturer	\$ 7,193,726	11.99%	\$ 72,081
Ampacet	Manufacturer	3,058,893	5.10%	30,650
Total		<u>\$ 10,252,619</u>	<u>17.09%</u>	<u>\$ 102,731</u>

Sales Taxes

The City of DeRidder receives a 1% sales and use tax that is dedicated to constructing, paving, resurfacing and improving streets, sidewalks and bridges; constructing and improving drains and subsurface drainage; and for the purpose of defraying the maintenance expenses thereof; constructing, acquiring and improving public parks and recreational facilities and purchasing and acquiring the necessary land, equipment and furnishing thereof. In addition, it provides funds for the retirement of all public improvement bonds. This tax is for an indefinite period.

Notes to the Financial Statements (Continued)

An additional 1% sales tax, for a twenty year period ending December 31, 2011, is dedicated and used for the following purposes:

41% for constructing, improving, repairing, operating and maintaining public buildings, public streets and sidewalks; drains and drainage facilities; garbage and solid waste collection and disposal facilities; paying the cost of other public services, including grass cutting; and paying the cost of improving or extending city utilities to encourage and induce the location of or additions to industrial enterprises having economic impact upon the city;

55% to pay the cost of providing public safety and fire and police protection services and improving, repairing, operating and maintaining sewers and sewerage collection and disposal works, including the acquisition of furnishings and equipment for any of said purposes;

4% to pay the cost of constructing, improving, repairing, operating and maintaining public parks and recreational facilities and purchasing and acquiring the necessary land, equipment and furnishing thereof. In addition, it provides funds for the retirement of all public improvement bonds.

The City of DeRidder also collects a ¼% sales and use tax with the proceeds to be dedicated and used solely for the purpose of supplementing the salaries and benefits of policemen and firemen and improving police and fire protection facilities, including the acquisition of equipment and vehicles for such purpose. This tax has no term limit.

E. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

F. Restricted Assets

Certain resources in the enterprise fund have been set aside for the repair, maintenance and replacement of the water and sewer systems of the City. These resources are classified as restricted assets because their use is limited.

A payment of \$100 per month is deposited into a State of Louisiana reimbursement account. The account was established to reimburse the state their cost associated with the widening of Highway 171 in prior years. This account is restricted and may be called by the state at their discretion.

Cash collected from utility fund customers as deposits against future utility bills are classified as restricted assets and are held by the City in custodial cash accounts entitled "Customer Deposits".

G. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The municipality maintains a threshold level of \$5,000 or more for capitalizing capital assets.

According to GASB 34 the City of DeRidder was not required to retroactively report infrastructure assets in its financial statements, therefore, these assets have not been reported in the financial statements.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. The total interest expense included during the current fiscal year was \$16,451. No interest was included as part of the cost of capital assets under construction in connection with the City's construction projects.

City of DeRidder, Louisiana

Notes to the Financial Statements (Continued)

All capital assets, other than land and work in progress, are depreciated using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Roads, bridges, and infrastructure	40-50 years
Land improvements	20-50 years
Buildings and building improvements	20-50 years
Furniture and fixtures	5-15 years
Vehicles	5-10 years
Equipment	3-15 years

H. Compensated Absences

The City of DeRidder's recognition and measurement criterion for compensated absences follows:

On July 1, 1996, the City enacted new legislation concerning sick leave pay and unpaid vacation. Full time employees earn vacation leave at varying rates depending upon length of service, which also may be accumulated up to a maximum of 160 days. Upon death, retirement, or separation of service from the City, an employee may receive their entire accumulated sick leave pay if he chooses to draw it out over regular pay periods. If the employee chooses to receive the pay in a lump sum he will receive 50% of the accumulated pay. In addition, upon retirement, unused sick leave is used in the retirement benefit computation as earned service.

On March 28, 1994, the sick leave policy was amended to reflect that each employee of the City would receive 4 hours of sick leave per pay period (13 days per year). As an exception, firemen working 53 hours per week will receive 10 hours of sick leave per month. Upon termination (voluntary or involuntary) an employee will receive full pay for accumulated sick leave not to exceed a 60-day limit (480 hours) with payment made by an installment plan based on the hourly rate at retirement.

No sick leave credit hours accumulated under the old sick leave policy will be lost. Upon retirement or termination, remuneration will be made to those employees who have accrued sick leave under the old policy. This payment will be made in instalments and capped at the hourly rate as of December 31, 1993.

I. Long-Term Obligations

In the government-wide financial statements, and the proprietary funds types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

J. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

K. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events within the control of the municipality, which are either unusual in nature or infrequent in occurrence.

Notes to the Financial Statements (Continued)

L. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

BUDGET INFORMATION The municipality uses the following budget practices:

1. The Director of Finance submits to the Mayor and City Council a proposed operating budget no later than fifteen days prior to the beginning of each fiscal year. The operating budget includes proposed expenditures and the means of financing them. For the fiscal year beginning October 1, 2008 and ending September 30, 2009 the budget was submitted to the City Council on August 11, 2008 and the public hearing was called for. After the public hearing was held, the budget was adopted by ordinance of the City Council.
2. Budgetary appropriations lapse at the end of each fiscal year.
3. Budgets for the general and special revenue funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts are as originally adopted, or as amended by the City Council.
4. Amendments to the budget are approved by the City Council by a formal adoption of an ordinance. The original budget is amended as necessary and all amendments are reflected in the budget comparisons in the financial statements.
5. Formal budgetary integration is employed as a management control device during the year for the General Fund and Special Revenue Funds. Formal budgetary integration is not employed in the Debt Service Funds because effective budgetary control is alternatively achieved through bond indenture provisions.

EXCESS OF EXPENDITURES OVER APPROPRIATIONS The following individual funds had actual expenditures over budgeted appropriations for the year ended September 30, 2009.

<u>Fund</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Unfavorable Variance</u>
General Fund	\$ 4,964,800	\$ 4,786,700	\$ 4,790,181	\$ 3,481
Sales Tax Fund	2,663,300	2,486,600	2,492,431	5,831

3. CASH AND CASH EQUIVALENTS

At September 30, 2009, the municipality has cash and cash equivalents (book balances) totaling \$7,538,178 as follows:

Demand deposits	\$ 101,256
Interest bearing demand deposits	26,202
Time deposits	156,130
Money market investment accounts	5,056,853
Louisiana Asset Management Pool (LAMP)	2,197,387
Petty cash	350
Total	<u>\$ 7,538,178</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on

City of DeRidder, Louisiana

Notes to the Financial Statements (Continued)

deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

At September 30, 2009, the municipality has \$5,377,430 in deposits (collected bank balances). These deposits are secured from risk by \$1,160,195 of federal deposit insurance and \$4,217,235 of pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 3).

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement 3, R.S. 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the municipality that the fiscal agent has failed to pay deposited funds upon demand.

The City also had invested \$2,197,387 in the Louisiana Asset Management Pool (LAMP), a local government investment pool. In accordance with GASB Codification Section 150.126, the investment in LAMP as of September 30, 2009 is not categorized in the three risk categories provided by GASB Codification Section 150.125 because the investment is in the pool of funds and therefore not evidenced by securities that exist in physical or book entry form.

LAMP is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana. Only local government entities having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high quality investments. The LAMP portfolio includes only securities and other obligations which local governments in Louisiana are authorized to invest in accordance with LSA - R.S. 33:2955. Accordingly, LAMP investments are restricted to securities issued, guaranteed, or backed by the U.S. Treasury, the U.S. Government, or one of its agencies, enterprises, or instrumentalities, as well as repurchase agreements collateralized by those securities.

Effective August 1, 2001, LAMP's investment guidelines were amended to permit the investment in government-only money market funds. In its 2001 Regular Session, the Louisiana Legislature (Senate Bill No. 512, Act 701) enacted LSA-R.S. 33:2955(A)(1)(h) which allows all municipalities, parishes, school boards, and any other political subdivisions of the State to invest in "Investment grade (A-1/P-1) commercial paper of domestic United States corporations." Effective October 1, 2001, LAMP's Investment Guidelines were amended to allow the limited investment in A-1 or A-1+ commercial paper.

The dollar weighted average portfolio maturity of LAMP assets is restricted to not more than three months, and consists of no securities with a maturity in excess of 397 days. LAMP is designed to be highly liquid to give its participants immediate access to their account balances. The investments in LAMP are stated at fair value based on quoted market rates. The fair value is determined on a weekly basis by LAMP and the value of the position in the external investment pool is the same as the value of the pool shares.

LAMP, Inc. is subject to the regulatory oversight of the state treasurer and the board of directors. LAMP is not registered with the SEC as an investment company.

4. RECEIVABLES

The receivables of \$982,182 at September 30, 2009, are as follows:

<u>Class of receivable</u>	<u>General Fund</u>	<u>Proprietary Fund</u>	<u>Special Revenue Fund</u>	<u>Total</u>
Taxes:				
Franchise	\$ 118,550	\$ -	\$ -	\$ 118,550
Alcohol	6,377	-	-	6,377
Federal grants	21,096	94,332	-	115,428
Local grants	52	-	-	52
Accounts	705	269,143	-	269,848
Sales taxes	-	-	471,927	471,927
Total	<u>\$ 146,780</u>	<u>\$ 363,475</u>	<u>\$ 471,927</u>	<u>\$ 982,182</u>

City of DeRidder, Louisiana

Notes to the Financial Statements (Continued)

5. CAPITAL ASSETS

Capital assets and depreciation activity as of and for the year ended September 30, 2009, for the primary government is as follows:

	Beginning Balance	Increase	Decrease	Ending Balance
Governmental activities:				
Capital assets, not being depreciated				
Land	\$ 738,938	\$ -	\$ -	\$ 738,938
Work in progress	391,004	184,558	144,083	431,479
Total capital assets not being depreciated	<u>1,129,942</u>	<u>184,558</u>	<u>144,083</u>	<u>1,170,417</u>
Capital assets being depreciated				
Buildings	2,409,881	231,496	34,719	2,606,658
Improvements other than buildings	2,032,060	113,168	-	2,145,228
Furniture and fixtures	1,092	-	-	1,092
Machinery and equipment	1,622,937	77,560	22,864	1,677,633
Guns	1,825	1,152	-	2,977
Vehicles	1,708,241	56,289	100,654	1,663,876
Utility fund asset	598,493	-	-	598,493
Total capital assets being depreciated	<u>8,374,529</u>	<u>479,665</u>	<u>158,237</u>	<u>8,695,957</u>
Less accumulated depreciation for:				
Buildings	822,789	61,093	1,233	882,649
Improvements other than buildings	353,500	77,421	-	430,921
Furniture and fixtures	999	93	-	1,092
Machinery and equipment	1,074,710	124,573	21,798	1,177,485
Guns	329	184	-	513
Vehicles	1,217,372	132,744	98,604	1,251,512
Utility fund asset	56,108	14,962	-	71,070
Total accumulated depreciation	<u>3,525,807</u>	<u>411,070</u>	<u>121,635</u>	<u>3,815,242</u>
Total capital assets being depreciated, net	<u>\$ 4,848,722</u>	<u>\$ 68,595</u>	<u>\$ 36,602</u>	<u>\$ 4,880,715</u>

City of DeRidder, Louisiana

Notes to the Financial Statements (Continued)

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Capital assets, not being depreciated				
Land	\$ 57,221	\$ -	\$ -	\$ 57,221
Construction in progress	449,447	144,578	513,264	80,761
Total capital assets not being depreciated	506,668	144,578	513,264	137,982
Capital assets being depreciated				
Utility plant and improvements	31,940,364	706,651	-	32,647,015
Furniture and equipment	58,569	-	-	58,569
Vehicles	218,007	14,816	-	232,823
Total capital assets being depreciated	32,216,940	721,467	-	32,938,407
Less accumulated depreciation for:				
Utility plant and improvements	15,789,611	810,539	-	16,600,150
Furniture and equipment	44,777	6,736	-	51,513
Vehicles	183,465	17,605	-	201,070
Total accumulated depreciation	16,017,853	834,880	-	16,852,733
Total business-type assets being depreciated, net	\$ 16,199,087	\$ (113,413)	\$ -	\$ 16,085,674

Depreciation expense of \$411,070 for the year ended September 30, 2009, was charged to the following governmental functions:

Public works	\$ 105,210
Public safety	179,783
General administration	36,566
Recreation	51,723
Unallocated	37,788
Total	\$ 411,070

6. CONSTRUCTION COMMITMENTS

The municipality has active construction projects as of September 30, 2009. The City had the following construction projects. The Northside Fire Station Project provides for renovations and upgrades to the station. The 7th Street Maintenance Building Project provides for new buildings and upgrades to existing ones at the maintenance yard. The 8th Street Washington Avenue Turning Lane Project provides for a wider turning radius for larger trucks to be diverted from downtown areas. The Bryant Park Bandstand Project provides a bandstand at the park for entertainment venues. The East Park Walking Trail Project provides a walking and fitness trail area in the new east park. At year-end the commitments with contractors were as follows:

<u>Projects</u>	<u>Spent to Date</u>	<u>Remaining</u>
Northside Fire Station Project	\$ 293,421	\$ 10,000
7th Street Maintenance Building Project	161,522	39,239
8th Street Washington Avenue Turning Lane	450	49,550
Bryant Park Bandstand	4,088	50
East Park Walking Trail	52,759	42,261

City of DeRidder, Louisiana

Notes to the Financial Statements (Continued)

7. INTERFUND TRANSFERS

	Transfer in	Transfer out
Capital project fund	\$ 500,000	\$ 1,426
General fund	2,905,516	61,500
Proprietary fund	1,071	72,154
Special revenue fund	15,292	3,301,989
Debt service fund	50,400	-
Internal service funds	27,363	62,573
Total	<u>\$ 3,499,642</u>	<u>\$ 3,499,642</u>

8. ACCOUNTS, SALARIES, AND OTHER PAYABLES

The payables of \$750,014 at September 30, 2009, are as follows:

	General Fund	Proprietary Fund	Special Revenue Fund	Capital Projects Fund	Total
Salaries	\$ 82,364	\$ 31,992	\$ 22,082	\$ -	\$ 136,438
Withholdings	96,972	28,884	25,199	-	151,055
Accounts	124,484	43,147	110,823	9,310	287,764
Contracts	-	29,300	-	-	29,300
Accrued interest	-	755	-	-	755
Customer deposits	-	144,702	-	-	144,702
Total	<u>\$ 303,820</u>	<u>\$ 278,780</u>	<u>\$ 158,104</u>	<u>\$ 9,310</u>	<u>\$ 750,014</u>

9. LONG-TERM OBLIGATIONS

The following is a summary of the long-term obligation transactions for the year ended September 30, 2009.

	Proprietary Fund			
	Compensated Absences	Other		Total
		Postemployment Benefits	Certificates of Indebtedness	
Long-term obligations at beginning of year	\$ 190,487	\$ -	\$ 36,472	\$ 226,959
Additions	69,613	98,786	-	168,399
Principal payments	-	-	(18,236)	(18,236)
Compensated absences used	58,335	-	-	(58,335)
Long-term obligations at end of year	<u>\$ 201,765</u>	<u>\$ 98,786</u>	<u>\$ 18,236</u>	<u>\$ 318,787</u>

	Governmental Funds				
	Compensated Absences	Other		Total	
		Postemployment Benefits	Certificates of Indebtedness		Bonded Debt
Long-term obligations at beginning of year	\$ 575,095	\$ -	\$ 154,000	\$ 290,000	\$ 1,019,095
Additions	279,517	627,757	-	-	907,274
Principal payments	-	-	(49,000)	(45,000)	(94,000)
Compensated absences used	(302,734)	-	-	-	(302,734)
Long-term obligations at end of year	<u>\$ 551,878</u>	<u>\$ 627,757</u>	<u>\$ 105,000</u>	<u>\$ 245,000</u>	<u>\$ 1,529,635</u>

City of DeRidder, Louisiana

Notes to the Financial Statements (Continued)

The following is a summary of the current (due in one year or less) and the long-term (due in more than one year) portions of long-term obligations as of September 30, 2009:

Proprietary Fund				
	Compensated Absences	Other Postemployment Benefits	Certificates of Indebtedness	Total
Current portion	\$ -	\$ 19,354	\$ 18,236	\$ 37,590
Long-term portion	201,765	79,432	-	281,197
Total	\$ 201,765	\$ 98,786	\$ 18,236	\$ 318,787

Governmental Funds					
	Certificates of Indebtedness	Other Postemployment Benefits	Bonded Debt	Compensated Absences	Total
Current portion	\$ 51,000	\$ 151,854	\$ 45,000	-	\$ 247,854
Long-term portion	54,000	475,903	200,000	551,878	1,281,781
Total	\$ 105,000	\$ 627,757	\$ 245,000	\$ 551,878	\$ 1,529,635

Certificates of Indebtedness are comprised of the following individual issues at September 30, 2009:

Certificates of Indebtedness – Governmental Funds:

\$245,000 Series 2006 Certificates of Indebtedness due in annual installments of \$44,000 to \$54,000 through August, 2011; interest at the rate of 3.95% \$105,000

Certificates of Indebtedness – Proprietary Funds:

\$182,362 Series 1999 Sewerage Certificates of Indebtedness due in annual installments of \$18,236 through December 2009; interest at the rate of 5.25% \$18,236

Bonded debt is comprised of the following issue at September 30, 2008:

Bonded Debt – Governmental Funds:

\$500,000 Series 2005 Water Improvement Bonds due in annual installments of \$45,000 to \$55,000 through August 2014; interest at the rate of 3.875% \$245,000

At September 30, 2009, the City of DeRidder accumulated \$15,238 in the debt service fund for future debt requirements. The annual requirements to amortize all bonds and certificates of indebtedness outstanding at September 30, 2009, for the City of DeRidder is as follows:

Year Ending September 30,	Principal Payments	Interest Payments	Total
2010	\$ 114,236	\$ 14,006	\$ 128,242
2011	99,000	9,567	108,567
2012	50,000	6,006	56,006
2013	50,000	4,069	54,069
2014	55,000	2,131	57,131
Total	\$ 368,236	\$ 35,779	\$ 404,015

City of DeRidder, Louisiana

Notes to the Financial Statements (Continued)

In accordance with R.S. 39:562, the municipality is legally restricted from incurring long-term bonded debt in excess of 35% of the assessed value of taxable property. At September 30, 2009, the statutory limit is \$20,999,869, and outstanding bonded debt totals \$245,000.

10. RESERVED RETAINED EARNINGS/FUND BALANCE

The Proprietary Fund – The proprietary fund had reserved retained earnings available as follows:

	Utility Fund
Restricted assets:	
Replacement, extension and contingency accounts	\$ 1,893,842
State contract funds	34,090
Customers deposits	208,187
Debt service	18,236
Total	<u>\$ 2,154,355</u>
Less:	
Liabilities payable from restricted assets:	
Customers deposits	\$ 144,702
Contracts payable	29,300
Total	<u>\$ 174,002</u>
Reserved retained earnings	<u>\$ 1,980,353</u>

The Debt Service Fund – The debt service fund had reserved fund balance available as follows:

Reserved for debt service	<u>\$ 15,238</u>
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The General Fund – The general fund had reserved fund balance available as follows:

Reserved for perpetual care	<u>\$ 1,135,399</u>
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11. RETIREMENT SYSTEMS

Substantially all employees of the City of DeRidder, are members of the following statewide retirement systems: Municipal Employees Retirement System of Louisiana, Municipal Police Employees Retirement System of Louisiana and the Fire Fighters Retirement System of Louisiana. These systems are cost-sharing, multiple-employer defined benefit pension plans administered by separate boards of trustees. Pertinent information relative to each plan follows:

A. Municipal Employees Retirement System of Louisiana (System)

Plan Description. The System is composed of two distinct plans, Plan A and Plan B, with separate assets and benefit provisions. All employees of the municipality are members of Plan B.

All permanent employees working at least 35 hours per week who are not covered by another pension plan and are paid wholly or in part from municipal funds and all elected municipal officials are eligible to participate in the System. Under Plan B, employees who retire at or after age 60 with at least 10 years of creditable service at or after age 55 with at least 30 years of creditable service are entitled to a retirement benefit, payable monthly for life equal to 2% of their final-average monthly salary in excess of \$100 for each year of creditable service. Furthermore, employees with at least 10 years of creditable service, but less than 30 years, may take early retirement benefits commencing at or after age 60, with the basic benefit reduced 3% for each year retirement precedes age 62, unless he has at least 30 years of creditable service. In any case, monthly retirement benefits paid under Plan B cannot exceed 100% of final-average salary. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable

City of DeRidder, Louisiana

Notes to the Financial Statements (Continued)

service stated above, and do not withdraw their employee contributions, may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Municipal Employees Retirement System of Louisiana, 7937 Office Park Boulevard, Baton Rouge, Louisiana 70809, or by calling (225) 925-4810.

Funding Policy. Under Plan B, members are required by state statute to contribute 5.0% of their annual covered salary and the City of DeRidder is required to contribute at an actuarially determined rate. The current rate is 6.75% of annual covered payroll. Contributions to the System also include one-fourth of 1% (except Orleans and East Baton Rouge parishes) of the taxes shown to be collectible by the tax rolls of each parish. These tax dollars are divided between Plan A and Plan B based proportionately on the salaries of the active members of each plan. The contribution requirements of plan members and the City of DeRidder are established and may be amended by state statute. As provided by R.S. 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The City of DeRidder's contributions to the System under Plan B for the years ending September 30, 2009, 2008 and 2007, were \$92,533, \$94,216, and \$127,166, respectively, equal to the required contributions for each year.

B. Municipal Police Employees Retirement System of Louisiana (System)

Plan Description. All full-time police department employees engaged in law enforcement are required to participate in the System. Employees who retire at or after age 50 with at least 20 years of creditable service or after age 55 with at least 12 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3 1/3% of their final-average salary for each year of creditable service. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Municipal Police Employees Retirement System of Louisiana, 8401 United Plaza Boulevard, Baton Rouge, Louisiana 70809-2250, or by calling (225) 929-7411.

Funding Policy. Plan members are required by state statute to contribute 7.5% of their annual covered salary and the City of DeRidder is required to contribute at an actuarially determined rate. The current rate is 11.00% of annual covered payroll. The contribution requirements of plan members and the City of DeRidder are established and may be amended by state statute. As provided by R.S. 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The City of DeRidder's contributions to the System for the years ending September 30, 2009, 2008 and 2007, were \$107,183, \$133,370, and \$148,937, respectively, equal to the required contributions for each year.

C. Firefighters' Retirement System of Louisiana

Plan Description. Membership in the Louisiana Firefighters' Retirement System is mandatory for all full-time firefighters employed by a municipality, parish, or fire protection district that did not enact an ordinance before January 1, 1980, exempting itself from participation in the System. Employees are eligible to retire at or after age 55 with at least 12 years of creditable service or at or after age 50 with at least 20 years of creditable service. Upon retirement, members are entitled to a retirement benefit, payable monthly for life, equal to 3 1/3 % of their final-average salary for each year of creditable service, not to exceed 100 percent of their final-average salary. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least 12 years of service and do not withdraw their employee contributions may retire at or after age 55 (or at or after age 50 with at least 20 years of creditable service at termination) and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute.

Notes to the Financial Statements (Continued)

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Firefighters' Retirement System, P. O. Box 94095, Baton Rouge, LA, 70804; or by calling (225) 925-4060.

Funding Policy. Plan members are required by state statute to contribute 8.00% of their annual covered salary and the City of DeRidder is required to contribute at an actuarially determined rate. The current rate is 14.00% of annual covered payroll. The contribution requirements of plan members and the City of DeRidder are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The City of DeRidder's contributions to the System for the years ending September 30, 2009, 2008, and 2007, were \$87,865, \$82,857, and \$89,561, respectively, equal to the required contributions for each year.

12. Postemployment Health Care and Life Insurance Benefits

The City provides certain continuing health care and life insurance benefits for the City's retired employees. Substantially, all of the City's employees become eligible for these benefits if they reach normal retirement age while working for the City. Those benefits for retirees are provided through Humana and United Healthcare whose monthly premiums are paid by the City. The City pays the premiums on a "pay-as-you-go" basis. For the year ended September 30, 2009, there were twenty-seven retirees and the costs of their benefits totaled \$75,701.

The City's Annual Required Contributions ("ARC") is an amount actuarially-determined in accordance with GASB 45, which is being implemented prospectively for the year ended September 30, 2009. The ARC represents a level of funding that, if paid on an ongoing basis, would cover normal cost each year and amortize the beginning Unfunded Actuarial Liability ("UAL") over a period of 30 years. A 30 year, closed amortization period has been used with a level-dollar amortization factor. The total ARC for the fiscal year 2009 is \$802,244 which consists of normal cost of \$418,733 and amortization of UAL of \$383,511.

Since this is the first year of implementation, no information for prior years is presented.

The following table presents the City's OPEB obligation for the year ended September 30, 2009.

Beginning OPEB obligation at October 1, 2008	\$ -
Annual Required Contribution	802,244
Interest on prior year obligation	-
Annual OPEB cost	802,244
Less: current year premiums paid	75,701
Increase in net OPEB obligation	726,543
Ending net OPEB obligation at September 30, 2009	<u>\$ 726,543</u>

Utilizing the pay-as-you-go method, the City contributed 9.4% of the annual OPEB cost during 2009.

Actuarial Methods and Assumptions. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long term perspective of the calculations.

Notes to the Financial Statements (Concluded)

In the September 30, 2009 actuarial valuation, the "Closed Group" method was used, employees and retirees as of the valuation date were used and employees to be hired in the future were not considered. The actuarial assumptions included a 4.0 percent investment rate of return (net of administrative expenses) and an annual healthcare cost trend rate of 6.5% initially, reduced by decrements to an ultimate rate of 4.5% after seventy-seven years. The RP-2000 mortality table projected to 2010 using Scale AA was used in the actuarial calculation. An inservice-related turnover scale was used for MERS and FFRS participants and an age-related turnover scale was used for MPERS participants. The remaining amortization period at September 30, 2009 was 29 years.

REQUIRED SUPPLEMENTAL INFORMATION

General Fund
 Schedule of Revenues, Expenditures and Changes in Fund Balances
 Budget and Actual
 For the Year Ended September 30, 2009

	Budgeted Amounts		Actual Amount Budgetary Basis	Budget to GAAP differences over (under)	Actual Amount GAAP Basis
	Original	Final			
Revenues					
Taxes:					
Ad valorem	\$ 593,000	\$ 620,900	\$ 620,961	\$ 61	\$ 620,961
Insurance premium tax	30,000	36,500	36,538	38	36,538
Chain store tax	8,000	3,800	3,840	40	3,840
Franchise tax	575,000	599,900	599,767	(133)	599,767
Alcohol tax	-	24,300	24,319	19	24,319
Intergovernmental:					
Federal grants	5,000	106,000	145,871	39,871	145,871
State grants	250,000	66,900	44,878	(22,022)	44,878
Local grants	72,500	37,600	37,316	(284)	37,316
Occupational licenses and permits	475,000	488,500	488,545	45	488,545
Cemetery sales	15,000	63,100	63,060	(40)	63,060
Fees and charges for services	92,500	111,400	113,866	2,466	113,866
Investment income	8,200	7,100	7,156	56	7,156
Rental income	26,400	26,400	26,400	-	26,400
Worker's compensation dividend	-	3,700	3,665	(35)	3,665
Other revenue	35,500	2,300	-	(2,300)	-
Total revenues	\$ 2,186,100	\$ 2,198,400	\$ 2,216,182	\$ 17,782	\$ 2,216,182

(Continued)

General Fund
 Schedule of Revenues, Expenditures and Changes in Fund Balances
 Budget and Actual
 For the Year Ended September 30, 2009

	Budgeted Amounts		Actual Amount Budgetary Basis	Budget to GAAP differences over (under)	Actual Amount GAAP Basis
	Original	Final			
Expenditures					
Current operating:					
General government	\$ 778,100	\$ 620,400	\$ 620,569	\$ (169)	\$ 620,569
Public safety	3,418,200	3,540,900	3,550,875	(9,975)	3,550,875
Culture & recreation	112,100	142,700	142,745	(45)	142,745
Debt service:					
Principal	45,000	45,000	45,000	-	45,000
Interest and charges	11,400	11,200	11,237	(37)	11,237
Capital outlay	600,000	426,500	419,755	6,745	419,755
Total expenditures	\$ 4,964,800	\$ 4,786,700	\$ 4,790,181	\$ (3,481)	\$ 4,790,181
Excess (deficiency) of revenues over expenditures	\$ (2,778,700)	\$ (2,588,300)	\$ (2,573,999)	\$ 14,301	\$ (2,573,999)
Other financing sources (uses):					
Transfers in	\$ 2,747,100	\$ 2,905,500	\$ 2,905,516	\$ 16	\$ 2,905,516
Transfers out	(50,400)	(61,500)	(61,500)	-	(61,500)
Gain on sale of assets	15,000	8,000	7,853	(147)	7,853
Total other financing sources (uses)	\$ 2,711,700	\$ 2,852,000	\$ 2,851,869	\$ (131)	\$ 2,851,869
Net change in fund balance	\$ (67,000)	\$ 263,700	\$ 277,870	\$ 14,170	\$ 277,870
Fund balances at beginning of year	828,954	1,087,155	1,087,155	-	1,087,155
Fund balances at end of year	\$ 761,954	\$ 1,350,855	\$ 1,365,025	\$ 14,170	\$ 1,365,025

(Concluded)

Sales Tax Fund
 Schedule of Revenues, Expenditures and Changes in Fund Balances
 Budget and Actual
 For the Year Ended September 30, 2009

	Budgeted Amounts		Actual Amount Budgetary Basis	Budget to GAAP differences over (under)	Actual Amount GAAP Basis
	Original	Final			
Revenues					
Taxes:					
Sales	\$ 5,600,000	\$ 6,352,627	\$ 6,352,670	\$ 43	\$ 6,352,670
Intergovernmental:					
Federal grants	-	45,000	45,255	255	45,255
Fees and charges for services	14,600	14,600	14,580	(20)	14,580
Investment income	30,000	12,000	12,010	10	12,010
Worker's compensation dividend	-	3,700	3,665	(35)	3,665
Other revenues	20,000	300	299	(1)	299
Total revenues	\$ 5,664,600	\$ 6,428,227	\$ 6,428,479	\$ 252	\$ 6,428,479
Expenditures					
General government	\$ 472,300	\$ 463,100	\$ 469,785	\$ (6,685)	\$ 469,785
Public works	2,106,000	1,956,000	1,947,406	8,594	1,947,406
Capital outlay	85,000	67,500	75,240	(7,740)	75,240
Total expenditures	\$ 2,663,300	\$ 2,486,600	\$ 2,492,431	\$ (5,831)	\$ 2,492,431
Excess (deficiency) of revenues over expenditures	\$ 3,001,300	\$ 3,941,627	\$ 3,936,048	\$ (5,579)	\$ 3,936,048
Other financing sources (uses):					
Transfers in	\$ 10,000	\$ 15,300	\$ 15,292	\$ (8)	\$ 15,292
Transfers out	(3,190,700)	(3,302,000)	(3,301,989)	11	(3,301,989)
Gain on sale of assets	3,000	1,600	1,596	(4)	1,596
Total other financing sources (uses)	\$ (3,177,700)	\$ (3,285,100)	\$ (3,285,101)	\$ (1)	\$ (3,285,101)
Net change in fund balance	\$ (176,400)	\$ 656,527	\$ 650,947	\$ (5,580)	\$ 650,947
Fund balances at beginning of year	2,060,972	1,668,363	1,668,363	-	1,668,363
Fund balances at end of year	\$ 1,884,572	\$ 2,324,890	\$ 2,319,310	\$ (5,580)	\$ 2,319,310

Other Postemployment Benefits (OPEB)
Funding Schedule
For the Year Ended September 30, 2009

The funded status of the plan as of September 30, 2009, was as follows:

Actuarial valuation of the plan assets	\$	-
Unfunded actuarial accrued liability (UAAL)		6,631,693
Total unfunded liability		6,631,693
Funded ratio (actuarial value of plan assets/ALL)		0%
Covered payroll (active plan members)	\$	3,260,407
UAAL as a percentage of covered payroll		203%

OTHER SUPPLEMENTAL SCHEDULES

City of DeRidder, Louisiana

Nonmajor Funds

CAPITAL PROJECTS FUND

Historical Enhancement Fund – to account for funds used in the development and maintenance of the historic district in downtown DeRidder.

Street Construction J – to account for the construction and further improvements of streets located within the city limits for general purpose use.

DEBT SERVICE FUND

Water Improvement Bonds, Series 2004 and Certificate of Indebtedness, Series 2006 - to accumulate monies for payment of the 2004, \$500,000, water improvement bonds and the 2006, \$245,000, certificates of indebtedness respectively at an interest rate of 3.875% and 3.95% respectively.

Combining Balance Sheet
 Nonmajor Governmental Funds
 September 30, 2009

	<u>Capital Projects</u>	<u>Debt Service</u>	
	<u>Historical Enhancement Fund</u>	<u>Debt Service</u>	<u>Total Nonmajor Governmental Funds</u>
Assets			
Cash in Bank	\$ -	\$ 15,238	\$ 15,238
Fund Balances			
Reserve for debt service	\$ -	\$ 15,238	\$ 15,238
Unreserved/Undesignated	-	-	-
Total Fund Balances	<u>\$ -</u>	<u>\$ 15,238</u>	<u>\$ 15,238</u>

Combining Statement of Revenues, Expenditures and
Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended September 30, 2009

	<u>Capital Projects</u>	<u>Debt Service</u>	<u>Total Nonmajor Governmental Funds</u>
	<u>Historical Enhancement Fund</u>	<u>Debt Service</u>	
Revenues			
Interest	\$ -	\$ 178	\$ 178
Expenditures			
Principal	\$ -	\$ 49,000	\$ 49,000
Interest and charges	-	5,564	5,564
Capital outlay	3,102	-	3,102
Total Expenditures	<u>\$ 3,102</u>	<u>\$ 54,564</u>	<u>\$ 57,666</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (3,102)</u>	<u>\$ (54,386)</u>	<u>\$ (57,488)</u>
Other Financing Sources (Uses)			
Transfers in	\$ -	\$ 50,400	\$ 50,400
Net Change in Fund Balances	\$ (3,102)	\$ (3,986)	\$ (7,088)
Fund Balances at beginning of year	<u>3,102</u>	<u>19,224</u>	<u>22,326</u>
Fund Balances at end of year	<u>\$ -</u>	<u>\$ 15,238</u>	<u>\$ 15,238</u>

Schedule of Compensation of Board Members
For the Fiscal Year Ended September 30, 2009

Vincent Labue (President)	\$	7,200
Hayward Steele		7,200
Johnnie Mango		7,200
Kerry Anderson		1,800
Gordon Jenkins		7,200
Robert Rice		7,200
Joseph Siciliano		7,200
Elizabeth Granger		3,000
		<hr/>
	\$	48,000

OTHER REPORTS

Schedule of Prior Year Audit Findings
For the Year Ended September 30, 2009

Finding – Financial Statement Audit

There were no prior year audit findings as of September 30, 2008.

Schedule of Current Year Audit Findings and Management's Response
For the Year Ended September 30, 2009

Finding – Financial Statement Audit

There were no current year audit findings as of September 30, 2009.

John A. Windham, CPA

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John A. Windham, CPA

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

The Honorable Ronald Roberts, Mayor
and the Members of the City Council
DeRidder, Louisiana

I have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of DeRidder, Louisiana, as of and for the year ended September 30, 2009, which collectively comprise the City of DeRidder, Louisiana's basic financial statements and have issued my report thereon dated February 10, 2010. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered the City of DeRidder, Louisiana's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of DeRidder, Louisiana's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the City of DeRidder, Louisiana's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

My consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. I did not identify any deficiencies in internal control over financial reporting that I consider to be material weaknesses, as defined above.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the City of DeRidder, Louisiana's internal control.

The Honorable Ronald Roberts, Mayor
and Members of the City Council

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of DeRidder, Louisiana's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, others within the organization, the City Council, and the Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties, although under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

A handwritten signature in black ink that reads "J. Windham, CPA". The signature is written in a cursive style.

DeRidder, Louisiana
February 10, 2010